

Wagoner's

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Linda Gobler
President
Michigan Grocer's Association

March 21, 2011

Dear Linda,

I have attached my responses to the questions concerning Governor Snyder's Tax Proposal. I would like to add some additional comments. We are a privately owned Michigan based company. We are celebrating our 10 year anniversary in 2011. We have grown from two stores to four during those 10 years. We have more than doubled our sales and number of employees.

Our last acquisition was in December 2008. That was our best year. In the two years since that purchase we have struggled to survive in the poor economy. The revamped Michigan Business Tax has been extremely burdensome to companies such as ours. For us, the new tax has proven to be an increase of over 100% compared to the Single Business Tax. Over the same time frame our sales have declined around 10%. Last year we had to max out our line of credit in April to pay our taxes. We have not paid that debt entirely back and here we are at tax time again. Due to our sales declines we went from a high point of around 100 employees in 2008 to about 80 today.

One side effect of the poor economy is that opportunities for expansion cross my desk daily. Some are very enticing. Most are from other grocers on the brink of closing their stores or they have already done so. We know that we could save or revive some of these stores. We have survived where others have failed by being very involved and working our stores seven days a week. We also enjoy having very loyal and hard working associates.

We are currently very involved in discussions with a developer about reopening another store. We would be the anchor in a plaza that was nearly vacant. Many other retail stores have agreed to open if we do. This would be our largest project to date. We would employ another 50 to 60 people. We are very encouraged about Governor Snyder's Tax Proposal. It is one of the reasons we think that we could move forward with our plans.

Sincerely,



Robert L. Wagoner

President

WAG Enterprises, Inc.